

March 23, 2012

To: Executive Board

Subject: **2012 Legislative Summary**

Recommendation

Receive and file the March 2012 Legislative Summary. Adopt support positions on SB 1257 and ACA 23.

Analysis

A summary of state and federal legislation and its status is attached. Board members should note that staff recommends **support positions on SB 1257 (Hernandez) and ACA 23 (Perea)**.

In 2008, Foothill Transit's own AB 2009 that was carried by Assemblyman Ed Hernandez became law exempting a public transit agency's use of compressed natural gas (CNG) to power its buses from local utility users' taxes (UUT). SB 1257 is Foothill Transit's sponsored bill being carried again by now State Senator Ed Hernandez that would exempt a public transit agency's use of in-route battery charged electricity to power its buses from local utility users' taxes. The introduction of the Ecoliner and Foothill Transit's goal of continuing to convert a portion of our fleet to zero emission all electric battery charged buses has prompted us to seek legislation that would exempt a public transit agency's use of electricity to power its buses from being charged local electric UUTs.

ACA 23 would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55 percent of its voters voting on the proposition. Existing law under the California Constitution requires the approval of a 2/3 majority of voters on any special taxes proposed. Reducing this threshold will improve the chances for badly needed local transportation projects to move forward.

On February 27, the Legislative Analyst's Office (LAO) issued its report on "The 2012-13 Budget: Economic and Revenue Update". According to the LAO, "while the economic outlook has improved somewhat since our last forecast in November, data received after that forecast concerning 2010 tax payments by Californians and soft personal income tax (PIT) estimated payments in December and January have weakened some parts of our office's near-term revenue forecast". In January, they noted that their November General Fund revenue forecast was \$6.8 billion lower than the administration's in 2011-12 and 2012-13 combined (including lower estimates of revenue from the Governor's proposed tax initiative). Now, the LAO's updated revenue forecast, including similar federal tax policy assumptions as the administration's, an updated estimate of revenues from the Governor's initiative, and an initial estimate of revenues due to the possible Facebook stock offering, is \$6.5 billion lower

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than the administration's in 2011-12 and 2012-13 combined. If the Facebook-related revenues were omitted from this new forecast, General Fund revenues would be about \$8.5 billion lower than the administration's over this period, weaker than the \$6.8 billion difference identified in January, due mainly to the negative revenue data received over the last three months.

On the federal front, it has been exciting to see the transportation industry at the forefront of the news as both the House and Senate work on long term transportation funding authorization bills. Fortunately, intense advocacy efforts by hundreds of transit agencies, union leadership and the business community across the country caused the House to rethink eliminating the Mass Transit Account (MTA) of the Highway Trust Fund (HTF) and support efforts to maintain dedicated federal funding for mass transit. Unfortunately, the idea of discontinuing the dedicated transit funding source is not completely off the table. We will continue to work diligently with the American Public Transportation Association (APTA) and our congressional delegation to maintain it.

The House appears to be steering away from their originally proposed five-year \$260 billion proposal and more towards an 18-month bill. The process is slow as would be expected from a massive spending bill during an election year and calls from many to cut spending and balance the federal budget. It does appear that any revised bill coming out of the House will continue to link transportation spending to an expansion of oil and gas production. The two-year \$110 billion Senate bill also continues to move slowly due to time spent dealing with amendments which are not related to transportation.

Meanwhile, the clock continues to tick toward the deadline of March 31st when the current extension of the SAFETEA-LU law expires. Secretary of Transportation Ray LaHood and most congressional leaders and staff have indicated that they don't think Congress will be able to enact a full scale authorization bill by the deadline, which would mean another extension whose length could be for another few months or past the November general election in order to take some of the politics out of the process.

Financial Impact

The state cash flow situation has no direct impact to transit funding at this time. No determination can be made yet regarding how either of the congressional transportation bills will affect Foothill Transit.

Sincerely,


David Reyno
Director of Government Relations


Doran J. Barnes
Executive Director

2012 Legislation Summary

Current as of 3/7/2012

(Amendments and Bills with updated status or requesting action are indicated in **bold**)

Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 147	Dickinson	Existing law under the Subdivision Map Act authorizes cities and counties to charge developer fees to defray the costs of infrastructure improvements to support development projects. Development impact fees levied under the Subdivision Map Act are charged as a condition of approval of a final map or building permit. Current law limits the use of these fees for the mitigation of traffic impacts to bridges and major thoroughfares. AB 147 would authorize a local agency to also use this fee for transit, bicycle, and pedestrian facilities.	This bill could mean more local money provided to Foothill Transit for facility construction.	Signed by the Governor & Chaptered by the Secretary of State - 9/6/2011	CTA - Support	Support Position Adopted 3/25/2011
AB 345	Atkins	Would require the Department of Transportation (Caltrans) to ensure that any committee or formal group of the California Traffic Control Devices Committee (CTCDC) includes representation from all users of the road, including public transit, thereby improving the implementation of complete streets policies.	This bill will make certain that the interests of state public transit agencies including Foothill Transit are represented on the CTCDC.	Senate Inactive File	CTA - Support	Support Position Adopted 5/27/2011
AB 485	Ma	Would provide an optional financing mechanism to allow transit agencies greater incentives and opportunities to explore transit-oriented development (TOD) options with local governments. Furthermore, if a city or county wishes to pursue a TOD project with a local transit agency within an existing "transit village development district," they may pursue an agreement setting forth the conditions by which bonds could be issued to develop and make improvements to a specific transit station.	This bill would provide Foothill Transit greater opportunities to work with our member cities and the County to pursue transit oriented development partnerships.	Senate Committee on Governance and Finance	CTA - Support	Support Position Adopted 4/27/2011
AB 650	Blumenfeld	This bill would establish the Blue Ribbon Task Force on Public Transportation for the 21st Century and would require the task force to be comprised of 12 specified members appointed by the Senate Committee on Rules and the Speaker of the Assembly by March 31, 2012. The bill would require the task force to prepare a written report that contains specified findings and recommendations relating to the current state of California's transit system, the estimated cost of creating the needed system over various terms, and potential sources of funding to sustain the transit system's needs, and to submit the report by March 31, 2013, to the Governor and other key legislative bodies.	We understand that members of the environmental community will have a role on the Task Force which brings an important voice for transit into the mix who has not been actively involved previously.	Vetoed by the Governor - 9/26/2011	CTA - Support LA Metro - Support	Support Position Adopted 3/25/2011
AB 1097	Skinner	Would require the Secretary of the Business, Transportation and Housing Agency to authorize a state or local agency receiving federal funds for transit purposes to provide a bidding preference to a bidder if the bidder meets or exceeds Buy America requirements applicable to federally funded transit projects.	Existing federal guidelines preclude state transit agencies that receive federal funds from crediting American-made products and manufacturing at a greater than 60% level unless a state Buy American provision exists in statute that is more stringent than Federal Transit Administration (FTA) standards. The State of California currently has no such preference law. By authorizing transit agencies to assign more credit to bidders that use a higher percentage of domestic content	Signed by the Governor & Chaptered by the Secretary of State - 10/2/2011	CTA - Support	Support Position Adopted 8/26/2011

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Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
ACA 23	Perea	Would provide that the imposition, extension, or increase of a special tax by a local government for the purpose of providing funding for local transportation projects requires the approval of 55% of its voters voting on the proposition.	Existing law under the California Constitution requires the approval of a 2/3rds majority of voters on any special taxes proposed. Reducing this threshold will improve the chances for badly needed local transportation projects to move forward.	Assembly Committee on Rules	CTA - Support	Support
SB 582	Emmerson	Existing law requires transportation planning agencies to undertake various transportation planning activities, including preparation of a regional transportation plan and also requires transportation planning agencies that are designated under federal law as metropolitan planning organizations (MPO's) to include a sustainable communities strategy as part of the regional transportation plan for their region. SB 582, beginning on January 1, 2013, would authorize a metropolitan planning organization, in partnership with the local air quality management district, to adopt a commute benefit ordinance that requires covered employers operating within the common jurisdiction of the organization and district with 20 or more covered employees to offer those employees certain commute benefits.	Additional commuter benefits could mean more potential riders on Foothill Transit's system.	vetoed by the Governor -- 8/1/2011	CTA -- Support	Support Position Adopted 3/25/2011
SB 1257	Hernandez	Foothill Transit's sponsored bill that exempts from any utility user's tax (UUT) imposed by any local agency the consumption of electricity by a local agency or public transit operator for transportation purposes and is dedicated to serve the local agency or public transit operator.	Will save Foothill Transit the annual cost in local taxes as well as other transit agencies potential UUT tax savings.	Senate Committee on Rules		Support
H.R. 1380	Sullivan	The New Alternative Transportation to Give Americans Solutions Act of 2011 is designed to promote a switchover from petroleum-based fuels to natural gas for transportation. The bill would provide a variety of tax breaks to transit agencies, trucking companies, vehicle owners and vehicle manufacturers to transition from gasoline and diesel to natural gas and provide approximately \$5 billion in subsidies over a five year period. Transit agency tax breaks would include amending the Internal Revenue Code to allow an excise tax credit through 2016 for alternative fuels and fuel mixtures involving compressed or liquefied natural gas.	The extension of the alternative fuels excise tax credit until 2016 would provide Foothill Transit with an ongoing operating funding source for the next five years.	House Committee on Energy and Commerce	Clean Energy	Support